

Allstate Indemnity Company Deluxe Plus Homeowners Policy

Policy:

Effective:

Issued to:



Allstate Indemnity Company
A Stock Company—Home Office: Northbrook, Illinois 60062

AP788

EXHIBIT 2

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Definitions Used In This Policy

1. "You" or "your" — means the person named in the Policy Declarations as the insured and that person's resident spouse.
2. "Allataia," "we," "us," or "our" — means the company named on the Policy Declarations.
3. "Insured person(s)" — means you and, if a resident of your household:
 - a) any relative; and
 - b) any dependent person in your care.

Under Coverage X — Family Liability Protection and Coverage Y — Guest Medical Protection, "Insured person" also means:

- a) any person or organization legally responsible for loss caused by animals or watercraft covered by this policy while are owned by an insured person. We do not cover any person or organization using or having custody of animals or watercraft in any business, or without permission of the owner;
- b) with respect to the use of any vehicle covered by this policy, any person while engaged in the employment of an insured person.

"Bodily injury" — means physical harm to the body, including sickness or disease, and resulting death, except that bodily injury does not include:

- a) any venereal disease;
- b) herpes;
- c) Acquired Immune Deficiency Syndrome (AIDS);
- d) AIDS Related Complex (ARC);
- e) Human Immunodeficiency Virus (HIV).

or any resulting symptom, effect, condition, disease or illness related to (a) through (e) listed above.

Under Coverage Y — Guest Medical Protection, bodily injury means physical harm to the body, including sickness or disease, except that bodily injury does not include:

- a) any venereal disease;
- b) herpes;
- c) Acquired Immune Deficiency Syndrome (AIDS);
- d) AIDS Related Complex (ARC);
- e) Human Immunodeficiency Virus (HIV).

or any resulting symptom, effect, condition, disease or illness related to (a) through (e) listed above.

"Building structure" — means a structure with walls and a roof.

6. **Business** — means:

- a) any full or part-time activity of any kind exchanged in for economic gain including the use of any part of any premises for such purposes. The providing of home day care services to other than an insured person or relative of an insured person for economic gain is also a business.

However, the mutual exchange of home day care services is not considered a business.

- b) any property rented or held for rental by an insured person. Rental of your residence premises is not considered a business when:
 - 1) it is rented occasionally for residential purposes;
 - 2) a portion is rented to not more than two rooming neighbors; or
 - 3) a portion is rented as a private garage.

7. **Residence premises** — means the dwelling, other structures and land located at the address stated on the Policy Declarations.

8. **Insured premises** — means:

- a) the residence premises; and
- b) under Section II only:
 - 1) the part of any other premises, other structures and vehicles used by you as a residence. This includes furnished structures and grounds you acquired for your use as a private residence while this policy is in effect;
 - 2) any part of a premises not owned by an insured person but where an insured person is temporarily living;
 - 3) temporary plots or burial plots owned by an insured person;
 - 4) vacant land other than farmland, owned by or rented to an insured person;
 - 5) land owned by or rented to an insured person where a one, two, three or four family dwelling is being built as that person's residence;
 - 6) any premises used by an insured person in connection with the residence premises.

- 7) any part of a premises occasionally rented to an insured person for other than business purposes.

9. **Accident** — means an accident, including continuous or repeated exposure to substantially the same general harmful conditions during the policy period, resulting in bodily injury or property damage.

10. **Property damage** — means physical injury to or destruction of tangible property, including loss of its use resulting from such physical injury or destruction.

11. **Residence employee** — means an employee of an insured person while performing duties arising out of and in the course of employment in connection with the maintenance or use of your residence premises. This includes similar duties performed elsewhere for an insured person, not in connection with the business of an insured person.

12. **Dwelling** — means a one, two, three or four family building structure identified as the insured property on the Policy Declarations, which you make and which is principally used as a private residence.

Insuring Agreement

In reliance on the information you have given us, Allstate agrees to provide the coverages indicated on the Policy Declarations. In return, you must pay the premium when due and comply with the policy terms and conditions, and inform us of any change in the use or occupancy of the residence premises.

Subject to the terms of this policy, this Policy Declarations show the location of the residence premises, applicable coverages, limits of liability and premiums. The policy applies only to losses or occurrences that take place during the policy period. The policy period is shown on the Policy Declarations. This policy is not complete without the Policy Declarations.

The terms of this policy impose joint obligations on the person named on the Policy Declarations as the insured and on that person's resident spouse. These

person is not defined as you or your. This means that the responsibilities, acts and omissions of a person defined as you or your will be binding upon any other person defined as you or your.

The terms of this policy impose joint obligations on persons defined as an insured person. This means that the responsibilities, acts and failures to act of a person defined as an insured person will be binding upon another person defined as an insured person.

Agreements We Make With You

We make the following agreements with you:

Conformity to State Statutes

When the policy provisions conflict with the statutes of the state in which the residence premises is located, the provisions are amended to conform to state statutes.

Coverage Changes

When Allstate broadens coverage during the premium period without change, you have the new features if you have the coverage to which they apply. Otherwise, the policy can be changed only by endorsement.

The coverage provided and the premium for the policy is based on information you have given us. You agree to cooperate with us in determining if the information is correct and complete. You agree that if the information changes, is incorrect or incomplete, we may adjust your coverage and premium accordingly during the policy period.

Any calculation of your premium or changes in your coverage will be made using the rules, rates and forms on file, if required, for use in your state. The rates in effect at the beginning of your current premium period will be used to calculate any change in your premium.

Policy Transfer

You may not transfer this policy to another person without our written consent.

Continued Coverage After Your Death

If you die, coverage will continue until the end of the premium period for:

- 1) your legal representative while acting as such, but only with respect to the residence premises

and property covered under this policy on the date of your death.

- 2) an insured person, and any person having proper authority, custody of your property until a legal representative is appointed and qualified.

Cancellation

Your Right to Cancel

You may cancel this policy by notifying us of the future date you wish to stop coverage.

Our Right to Cancel

Allstate may cancel this policy by mailing notice to you at the mailing address shown on the Policy Declarations. When this policy has been in effect for less than 60 days and it is not a renewal with us, we may cancel this policy for any reason by giving you at least 10 days notice before the cancellation takes effect.

When the policy has been in effect for 60 days or more, or if it is a renewal with us, we may cancel this policy for one or more of the following reasons:

- 1) nonpayment of premium;
- 2) the policy was obtained by misrepresentation, fraud or concealment of material facts;
- 3) material misrepresentation, fraud or concealment of material fact in procuring a claim or violation of any of the policy terms; or
- 4) there has been a substantial change or increase in hazard in the risk we originally accepted.

If the cancellation is for non-payment of premium, we will give you at least 10 days notice. If the cancellation is for any of the other reasons, we will give you at least 60 days notice.

Our mailing the notice of cancellation to you will be deemed proof of notice. Coverage under this policy will terminate on the effective date and hour stated on the cancellation notice. Your refund premium, if any, will be calculated on a pro rata basis and refunded at the time of cancellation or as soon as possible. However, refund of unearned premium is not a condition of cancellation.

Our Right Not to Renew or Continue

Allstate has the right not to renew or continue the policy beyond the current premium period. If we do not intend to continue or renew the policy, we will mail you notice at least 60 days before the end of the

premium period. Our mailing the notice of nonrenewal to you will be deemed proof of notice.

Cancellation Or Fraud

This policy is void if it was obtained by misrepresentation, fraud or concealment of material facts. If it is determined that this policy is void, all premiums paid will be returned to you since there has been no coverage under this policy.

We do not cover any loss or occurrence in which any insured person has concealed or misrepresented any material fact or circumstance.

Section I — Your Property

Coverage A

Dwelling Protection

Property We Cover Under Coverage A:

1. Your dwelling including attached structures, structures connected to your dwelling by only a fence, utility line, or similar connection and not consolidated attached structures.
2. Construction materials and supplies at the residence premises for use in connection with your dwelling.
3. Wall-to-wall carpeting fastened to your dwelling.

Property We Do Not Cover Under

Coverage A:

1. Any structure including fences or other property covered under Coverage B — Other Structures Protection.
2. Land, except as specifically provided in Section I — Additional Protection under item 10, Land.
3. Satellite dish antennas and their systems, whether or not attached to your dwelling.

Coverage B

Other Structures Protection

Property We Cover Under Coverage B:

1. Structures at the address shown on the Policy Declaration separated from your dwelling by other spaces.
2. Structures attached to your dwelling by only a fence, utility line, or similar connection.
3. Construction materials and supplies at the address of the residence premises for use in connection with structures other than your dwelling.
4. Wall-to-wall carpeting fastened to other building structures.

Property We Do Not Cover Under

Coverage B:

1. Structures used in whole or in part for business purposes.
2. Any structure or other property covered under Coverage A — Dwelling Protection.
3. Land, no matter, when located, or the replacement, rebuilding, restoration, stabilization, or value of any such land.
4. Construction materials and supplies at the address of the residence premises for use in connection with the dwelling.

5. Satellite dish antennas and their systems, whether or not attached to building structures.

Losses We Cover Under Coverages A and B:

We will cover sudden and accidental direct physical loss to property described in Coverage A — Dwelling Protection and Coverage B — Other Structures Protection except as limited or excluded in this policy.

Losses We Do Not Cover Under Coverages**A and B:**

We do not cover loss to the property described in Coverage A — Dwelling Protection or Coverage B — Other Structures Protection consisting of or caused by:

1. Flood, including, but not limited to, surface water, waves, tidal water or overflow of any body of water, or spray from any of these, whether or not driven by wind.
2. Water or any other substance that backs up through sewers or drains.
3. Water or any other substance that overflows from a sump pump, sump pump well or other system designed for the removal of subsurface water which is drained from a foundation, pier or structure.
4. Water or any other substance on or below the surface of the ground, regardless of its source. This includes water or any other substance which exerts pressure on, or flows seeps or leaks through any part of the residence premises.

We do cover sudden and accidental direct physical loss caused by fire, explosion or theft resulting from items 1 through 4 listed above.

5. Earth movement of any type, including, but not limited to, earthquake, volcanic eruption, lava flow, landslide, subsidence, mudflow, pressure, sinkhole, erosion, or the shifting, sliding, settling, creeping, expanding, bulging, cracking, settling or contracting of the earth. This exclusion applies whether or not the earth movement is combined with water.

We do cover sudden and accidental direct physical loss caused by fire, explosion, theft or breakage of glass or safety glazing materials resulting from earth movement.

6. Enforcement of any building codes, ordinances or laws regulating the construction, reconstruction, maintenance, repair, placement or demolition of any building structure or other land or the residence premises, except as

specifically provided in Section I, Additional Protection, under Item 10 — Building Codes.

We do cover sudden and accidental direct physical loss caused by actions of civil authority to prevent the spread of fire.

7. The failure by any insured person to take all reasonable steps to preserve property when the property is endangered by a cause of loss we cover.
8. Any substantial change or increase in hazard, if changed or increased by any means within the control or knowledge of an insured person.

9. Intentional or criminal acts of or at the direction of any insured person if the loss that occurs:
 - a) may be reasonably expected to result from such acts; or
 - b) is the intended result of such acts.

This exclusion applies regardless of whether or not the insured person is actually charged with or convicted of a crime.

10. Nuclear action, meaning nuclear reaction, discharge, pollution or radioactive contamination or any consequences of any of these. Loss caused by nuclear action is not considered loss by fire, explosion or smoke.

We do cover sudden and accidental direct physical loss by fire resulting from nuclear action.

11. War or warlike acts, including but not limited to, insurrection, rebellion or revolution.
12. Collapse, except as specifically provided in Section I — Additional Protection, under Item 14, Collapse.

13. Soil conditions, including but not limited to, corrosive action, chemical leaks, compounds, elements, suspensions, crystal formations or fields in the soil.

14. Vapors, fumes, gases, toxic chemicals, toxic wastes, toxic liquids, toxic solids, waste materials or other irritants, contaminants or pollutants.

In addition, we do not cover loss consisting of or caused by any of the following:

16. a) wear and tear, aging, fading, scratching, deformation, inhereitice, or latent defect;
 - b) mechanical breakdown;
 - c) growth of trees, shrubs, plants or lawns, whether or not such growth is above or below the surface of the ground;
 - d) rust or other corrosion, mold, wet or dry rot;
 - e) contamination, including, but not limited to, the presence of toxic, noxious, or hazardous gasses, chemicals, liquids, solids or other substances at the residence premises or in the air, land or water serving the residence premises;
 - f) erosion, shrinkage from the manufacturing of any controlled substance, agricultural, mining and industrial operations;
 - g) settling, cracking, shrinking, bulging or expansion of pavements, patios, foundations, walls, floors, roofs or ceilings;
 - h) insects, rodents, birds or domestic animals.
- We do cover the breaking of glass or safety-plating materials caused by birds, or seizure by government authority.

If any of (a) through (h) entered the building and caused a release of water or steam from a plumbing, heating or air conditioning system, household appliance or fire protective sprinkler system within your dwelling, we cover the direct physical damage caused by the water or steam. If loss to covered property is caused by water or steam not otherwise excluded, we will cover the cost of turning out and replacing any part of your dwelling necessary to repair the system or appliance. This does not include damage to the defective system or appliance from which the water escaped.

18. Freezing of plumbing, fire protective sprinkler systems, heating or air conditioning systems or household appliances, or discharge, leakage or overflow from within the systems or appliances caused by freezing, while the building structure is vacant, unoccupied or being constructed, unless you have used reasonable care to:
 - a) maintain heat in the building structure, or

- b) shut off the water supply and drain the system and appliances.

17. Freezing, thawing, pressure or weight of water or ice, whether driven by wind or not. This exclusion applies only to fences, pavements, patios, swimming pools, foundations, retaining walls, bulkheads, piers, wharves or docks.
19. Seepage, meaning continuous or repeated seepage or leakage over a period of weeks, months, or years, of water, steam or oil:
 - a) from a plumbing, heating, air conditioning or automatic fire protection system or from within a domestic appliance; or
 - b) from within or around any plumbing fixtures, including, but not limited to shower stalls, shower heads, tub installations, sinks or other fixtures designed for the use of water or steam.

19. If not from your residence premises with your dwelling is under construction, or of materials and supplies stored in construction, until your dwelling is completed and occupied.

20. Vandalism or malicious mischief if your dwelling is vacant or unoccupied for more than 30 consecutive days immediately prior to the vandalism or malicious mischief. A dwelling under construction is not considered vacant or unoccupied.

21. Weather conditions that contribute in any way with a cause of loss excluded in this section to produce a loss.

22. Plumbing, Construction or Maintenance, meaning faulty, inadequate or defective:
 - a) planning, zoning, development, surveying, filling;
 - b) design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - c) materials used in repair, construction, renovation or remodeling; or
 - d) maintenance.

of property within or on the residence premises by any person or organization.

23. We do not cover loss to covered property described in Coverage A—Dwelling, Residence or Coverage B—Other Structures Protection when:

- there are two or more causes of loss to the covered property; and
- the predominant cause(s) of loss is (are) excluded under Exclusions We Do Not Cover Items 1 through 22 above.

Coverage C Personal Property Protection

Property We Cover Under Coverage C:

1. Personal property owned or used by an insured person anywhere in the world. When personal property is located at a residence other than the residence premises, coverage is limited to 10% of Coverage C—Personal Property Protection. This limitation does not apply to personal property in a newly acquired principal residence for the 90 days immediately after you begin to move property there or to personal property in student dormitory, fraternity or sorority housing.

2. At your option, personal property owned by a guest or residence employee while the property is in the residence you are occupying.

Limitations On Certain Personal Property

Limitations apply to the following groups of personal property. If personal property can reasonably be considered a part of two or more of the groups listed below, the lowest limit will apply. These limitations do not increase the amount of insurance under Coverage C—Personal Property Protection. The total amount of coverage for each group in any one loss is as follows:

1. \$ 200 — Money, bullion, bank notes, coins and other numismatic property.

2. \$ 200 — Property used or intended for use in a business while the property is away from the residence premises. This does not include electronic data processing equipment or the recording or storage media used with that equipment.

3. \$ 2,000 — Property used or intended for use in a business. Including property held as samples or for sale or delivery after sale. If the property is on the residence premises, this does not include electronic data processing equipment or the recording or storage media used with that equipment.

4. \$ 1,000 — Trading cards, subject to a maximum amount of \$250 per item.

5. \$ 1,000 — Accounts, bills, deeds, evidences of debt, letters of credit, notes other than bank notes, passports, securities, tickets and stamps, including philatelic property.

6. \$ 1,000 — Manuscripts, including documents stored on electronic media.

7. \$ 2,000 — Watercraft, including their attached or detached trailers, furnishings, equipment, parts and motors.

8. \$ 1,000 — Trailers not used with watercraft.

9. \$ 2,500 — That of jewelry, watches, diamonds and semi-precious stones, gold other than goldware, silver other than silverware, platinum and furs, including any item containing fur which represents its principal value, subject to a maximum amount of \$1,000 per item.

10. \$ 2,000 — Any motorized land vehicle parts, equipment or accessories not attached to or located in or upon any motorized land vehicle.

11. \$ 3,000 — That of firearms.

12. \$ 2,500 — That of silverware, pewterware and goldware.

13. \$ 5,000. — Electronic data processing equipment and the recording or storage media used with that equipment, whether or not the equipment is used in a business. Recording or storage media will be covered only up to:
- a) the retail value of the media, if pre-programmed; or
 - b) the retail value of the media in blank or unexposed form, if blank or self-programmed.

14. \$10,000. — Theft of rugs, including, but not limited to, any handwoven silk or wool rug, carpet, tapestry, wall hanging or other similar article. Whose principal value is determined by its color, design, quality of wool or silk, quality of weaving, condition or age, subject to a maximum amount of \$2,500 per item.

Property We Do Not Cover Under Coverage C:

1. Personal property specifically described and insured by any other insurance.
2. Animals.
3. Motorized land vehicles, including, but not limited to any land vehicle powered or assisted by a motor or engine. We do not cover any motorized land vehicle, parts, equipment or accessories attached to or located in or upon any motorized land vehicle. We do cover motorized land vehicles designed for assisting the handicapped or used solely for the service of the insured premises and not licensed for use on public roads.
4. Aircraft and aircraft parts. This does not include model or hobby craft not designed to carry people or cargo.
5. Property of owners, boarders, tenants not related to or insured person.

6. Property located away from the residence premises and rented or held for rental to others.
7. Any device, cellular communication system, radar signal reception system, decoder or antenna designed for reproducing, detecting, receiving, transmitting, recording or playing back data, sound or picture which may be powered by electricity from a motorized land vehicle or watercraft and while in or upon a motorized land vehicle or watercraft.
8. Satellite dish antennas and their systems.

Losses We Cover Under Coverage C:

We will cover sudden and accidental direct physical loss to the property described in Coverage C.

Personal Property Protection, except as limited or excluded in this policy, caused by:

1. Fire or Lightning.
2. Windstorm or hail.

We do not cover:

- a) loss to covered property inside a building structure, caused by rain, snow, sleet, sand or dust in less the wind or hail has damaged the roof or walls and the wind forces rain, snow, sleet, sand or dust through the damaged roof or walls;
- b) loss to watercraft and their trailers, furnishings, equipment and motors unless inside a fully enclosed building structure. However, we do cover canoes and rowboats on the residence premises.
3. Explosion.
4. Riot or civil commotion, including illegal and looting during, and at the site of, the riot or civil commotion.

5. Aircraft, including self-propelled missiles and spacecraft.
6. Vehicles.
7. Smoke.